

The Importance of Marketing Strategies in The Hotel Industry

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Abstract

Hotel industry is one of the most important sectors of tourism sphere. Uzbekistan has targeted to make tourism as an important sector of economy and number of measurements have been adopted to improve this sphere by 2025. This article analyses the current hotel marketing strategy in Uzbekistan, as well as in Samarkand region. Also investigate foreign successful theories and strategies have been suggested to implement them most suitable one in Uzbekistan case.

Keywords: tourism, marketing strategy, concept of hotel marketing, customer experience, hotel services,

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Introduction

In the last few decades, tourism has been gaining its popularity with its positive impacts on society, economy and politics. In 2018, the number of international tourists, travelling around the world, consisted of 1.4 billion, raised around 5% as of previous year. The total international tourism exports were 1.7 trillion USD. Number of international tourists arriving in Uzbekistan has also increased in 2017 by 37.7% and indicated around 2,7 million (White book of tourism, 2018). One of the main part of tourism services is accommodation (hotel industry) and this has changed from only accommodating services to the whole set of services including food & beverage, banking, many household services, official and special meeting services and etc.

In 2015, the number of tourism organizations, consisted of 398 and this number has been increased to 950 by the end of 2018, and the number of hotels - from 661 to 900. (Decree of the President of the Republic of Uzbekistan PF-5611). Tourism policy and planning has been implemented and number of Decrees and measurements have been adopted and put into practice. The latest one has been adopted by the President of the Republic of Uzbekistan № PF-561 "On additional measures for rapid development of tourism in the Republic of Uzbekistan" on January 6, 2019. According to this the number of tour operators will be improved from 860 to 1,676 by 2025 and the development of tourism infrastructure in line with international standards, as well as the number of accommodation facilities from 850 to 3,000 due to the increase in the number of other tourism entities (Decree of the President of the Republic of Uzbekistan PF-5611).

Figure 1: Target indicators for the implementation of the Concept of tourism development in the Republic of Uzbekistan in 2019-2025

No	Indicators	2018 year	2019 year	2020 year	2021 year	2022 year	2023 year	2024 year	2025 year
1.	Number of foreigners visiting in Uzbekistan (thousand persons)	5 346	6 041	7 010	8 410	10 010	10 600	11 250	11 810
2.	Exports of tourism services (million USD)	1 041	1 180	1 360	1 620	1 900	2 000	2 080	2 170
3.	Number of domestic tourists (thousand persons)	15493	16 100	17 230	18 806	20 317	21 867	23 404	25 010
4.	Number of Hotels and other types in accommodations	914	1 100	1 620	2 200	2 600	2 800	2 900	3 050
5.	Total number of rooms of accommodations (thousands)	20,2	24	35	47	55	59	62	64
6.	Total number of places in accommodations (thousands)	41	49	72	95	110	122	124	128
7.	Total number of tour operators	983	1 100	1 190	1 250	1 320	1 390	1 420	1450

(Source: Decree of the President of the Republic of Uzbekistan PF-5611, 2019)

Survey on hotels in Uzbekistan.

On 4-30 June, 2018 The State Committee of the Republic of Uzbekistan and The State Committee of the Republic of Uzbekistan for Tourism Development have conducted a survey by 5756 foreign tourists in the borders. (White book of Tourism, 2018). According to the survey, 54,3 % of respondents gave information about Uzbekistan by friends and family, while only 7,6 % and 5,9 % of respondents have been informed by travel industry web sites (e.g. TripAdvisor, Hostel world and etc.) and government websites of Uzbekistan accordingly. According to internet survey, 70% of family hotels do not have a website and much less efficient a digitized system for tourist attraction, so it is necessary to manage training and modernization in this sphere. Hotels and other types of accommodations play an important role in tourism and travel industry. Due to this, hotels should improve and implement marketing strategies to achieve sustainable development for many years. Hotel marketing strategies have been investigated by many researchers and scientists and foreign developed countries have implemented them differently with success. The mistake created by several hotels as they started to be conscious of the need to plan the marketing role was to concentrate on the technical side (advertising, designing, catalogues, etc.) and to ignore the strategic aspect of consumer awareness and brand image formation (branding strategy) (Olsen, M.; West, J.; Tse, E. 1998).

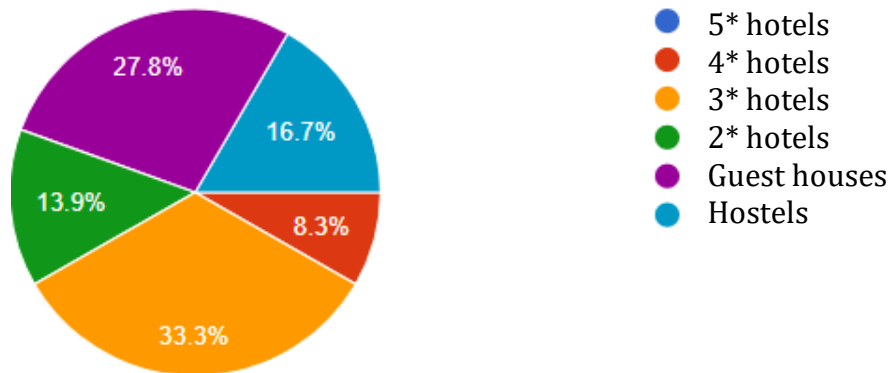
Samarkand is a historical and legendary city of Uzbekistan; every year thousands of tourists visit there. Hotels & tourist's accommodation is one of the most important factors which reflects to the number of tourists visiting in a city & country. According to statistics by Samarkand region tourism development department (2020) currently number of hotels and other types of tourist accommodations consists of nearly 150 with 4 891 places. The Cabinet of Ministers of the Republic of Uzbekistan has adopted resolution "On additional measures for effective use and development of tourism potential of Samarkand region" No. 828 on September 30, 2019, which stated that number of hotels will be increased by 250, 100 new hotels will be built by the year of 2022.

Figure 2: Target parameters of tourism development in Samarkand region in 2019-2022

No	Indicators	2019 y.	2020 y.	2021 y.	2022 y.
1.	Number of domestic visitors (thousand visitors in a year)	2 500	2 800	3 100	3 500
2.	Number of foreign visitors (thousand visitors in a year)	509	720	950	1 200
3.	Export of tourism services (million USD)	139	224	360	558
4.	Number of hotels and other types of tourist accommodations	150	180	200	250
5.	Number of rooms in hotels and other types of tourist accommodations	3 425	3 772	4 280	4 700
6.	Number of places in accommodation facilities	4 891	5060	5150	6150
7.	Number of guest houses	150	230	250	300
8.	Number of tour operators	170	195	230	270

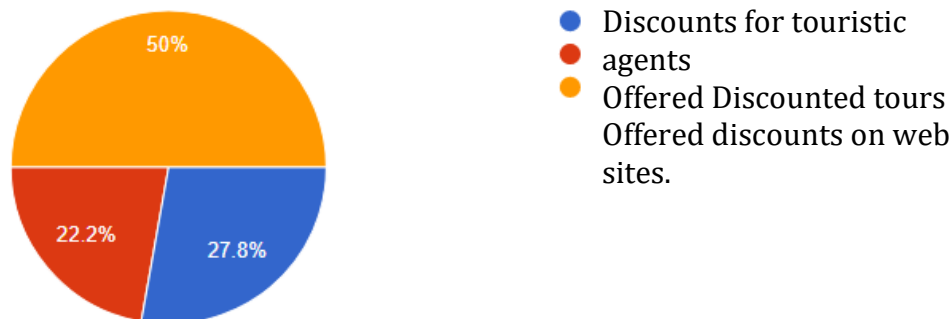
(Source: Resolution of the Cabinet of Ministers No. 828 of September 30, 2019)

Quality of hotels should be developed along with quantity of them. Hotels in Samarkand should be improved according to some facilities and services. Surveys have been conducted among managers, owners and customers of 40 hotels in Samarkand region.



**Figure 3: Types of hotels (participated in a survey)
(by CASEA-InTourRec research team, the author is included)**

According to survey only 8 hotels, out of 40, have special marketing department. Almost all abovementioned hotels have offered only different types of discounts for off-season (Figure 4). However, there are number of measurements and strategies that hotels can implement in their hotels. Most of the hotels in Samarkand use following programs for booking and reception: booking.com, E-mehmonxona, e-mail, Airbnb, Tripadvisor, fedele. As a result of survey, (in case of Samarkand) hotels must develop innovative and competitive marketing strategies to achieve sustainable development.



**Figure 4: What is your marketing strategy for the off-season?
(by CASEA-InTourRec research team, the author is included)**

Marketing in the hotel industry.

Marketing is already differs from advertisement. For the last century, many researchers have offered the definition of “Marketing” and mostly accepted by the authorities of marketing field, one was developed by Kotler as “a social and managerial process by which individuals and organizations obtain what they need and want through creating and exchanging value with others” He goes on to describe it in depth with respect to marketing as

a method by which companies create value for customers and build strong customer relationships in order to capture value from customers in return. (Kotler & Armstrong 2010, 29.) He also suggested an expanded Model of Marketing Process (Figure 6) which have been successfully implemented by foreign hotels, restaurants and others. The marketing environment is a diverse collection of risks and opportunities for the company which may often appear impossible to categorize. In fact, the marketing landscape may be split into two areas: the external and the internal environment. (Blythe , 2005)

Location of the hotel in market concept of a hotel in which has been developed by Medlik (2000), is the key factor, for this reason being at the core of the business concept circle, that the visitor takes into account when selecting a hotel. Hotel facilities include rooms, restaurants, bars, function and meeting rooms and leisure amenities such as a gym, tennis court and swimming pool.

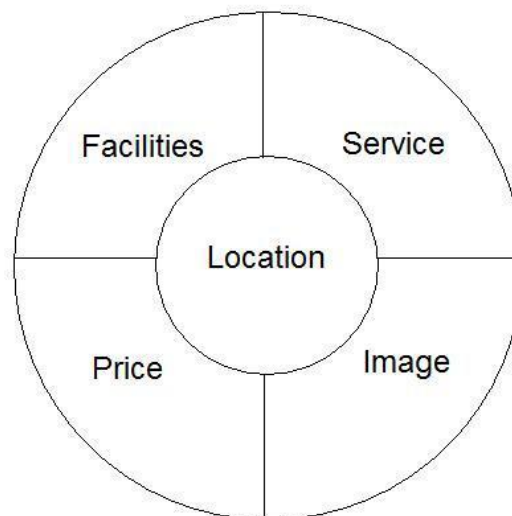


Figure 5: Market concept of a hotel. (Medlik & Ingram, 2000)

Depending on the type of hotel in question, the facilities differ in number, style and scale. The image of the hotel can be described as how the hotel presents itself to people and how people see the hotel. The picture is a combination of location, amenities and services provided by the hotel and how these elements are advertised, but there are also aspects such as the name and appearance of the hotel. The price needs to reflect all those elements because if they do not, or the price is calculated by any other means, it will only lead to dissatisfaction of customers who believe they have not earned the worth of their money.

All in all, these particular components of the overall hotel design hold various levels of value for different people. One person may find the location of the hotel to be important and is prepared to accept only the basic amenities and services to be offered where, as another person may think, the price is a key factor when staying in a hotel and is willing, for example, to give in a little on the location of the hotel as long as the price is within the budget of that specific person (Medlik & Ingram 2000: 13-15).

Hotel industry is marked by intense competition. The prices of the hotels depend upon the service and amenities provided. The hotels are classified as budget hotels, economy hotels, residential hotels, resort hotels, suite or all-suite hotels, commercial hotels, conference centers, airport hotels, business hotels, casino hotels, luxury hotels, heritage hotels etc. When

the hotel's goods and services have been placed in the best spot in the eyes of the target buyers, the hotel will make the correct decision in leveraging its tools and expertise in the marketplace. That is, the best good or service is put on the market at a cost-effective price. (Kotler et al. 2009, 374.) Successful strategic marketing strategy allows businesses to carry out a great deal of work to really get to know their target audience. Companies ought to be well informed of who the potential audience is, how they think and behave, what they do, how old they are, where they work, what their interests are and more.

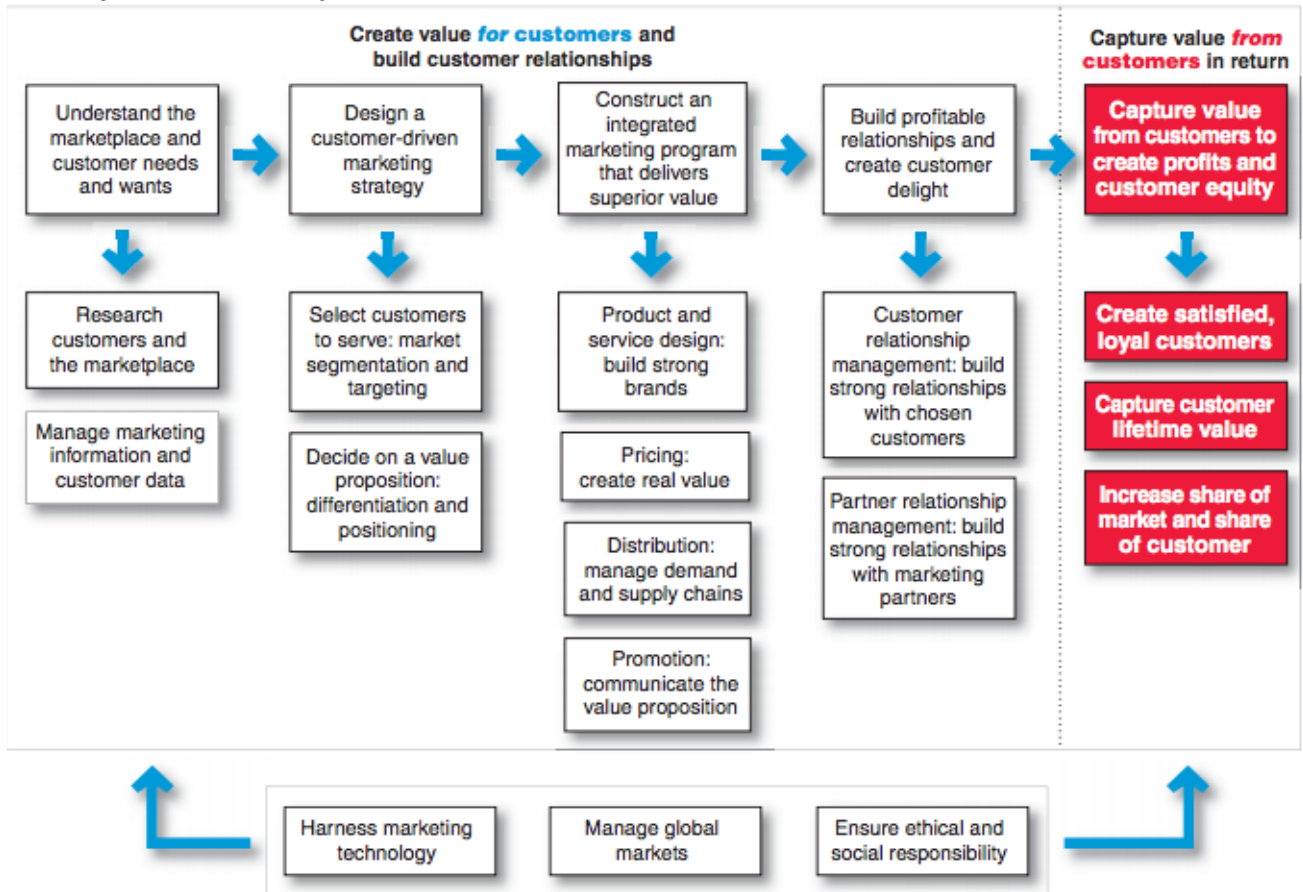


Figure 6: An expanded Model of Marketing Process

Source: (Kotler & Armstrong, Principles of Marketing 14th Edition, 2011)

Companies need to be able to work, dream, breathe and believe like their target audience is built to produce goods and services like fulfill the requirements of the target market. Companies ought to note that product and service creation requires current markets to be marketed, rather than creating goods and services, and instead searching for a new audience in order to offer them (Horette, 2015).

In our digitalized world we cannot image the marketing and marketing strategies. According to Oscar (2014), there have been initiatives like NEW (No Company without Web) and similar to encourage these companies to start in the digital economy. The marketing plan is designed on the basis of a framework in which various issues are addressed. The method consists of five steps:

- Step1: Define the promotional objectives.
- Step 2: Promotional Strategy Selection.

- Step 3: Determination of the promotional mix.
 Step 4: Preparation of individual programs.
 Step 5: Budget Media.

Conclusion/suggestion.

Hotels which have planned to develop marketing strategy and get sustainable development can be divided into two types: targeted to improve number of customers and targeted to maintain existed customers. As most hotels in Uzbekistan have been built newly and planned to build additional 1430 hotels till 2025 (Figure 1), should have adopted strategy firstly to attract new customers, than to maintain them. In this process creating customer experience is important for WOM (Word of Mouth) as tourists get most important information by family, friends and acquaintances. Customer experiences, according to SUNDBO, J., DARMER, P.; (2008), are divide into 4 types: Entertainment experience, Educational experience, Aesthetic and The escape experience. Khan and Others (2015) in their study have conducted empirical analyses on "Customer Service Experience in Hotel Operations". The outcome has had a huge effect on consumer loyalty. Consumer satisfaction affects both brand loyalty and word of mouth, and the indirect impact of customer retention by brand loyalty is quite high. In addition, this research expands the applicability of consumer service to hotel operations, which helps advertisers talk of specific touch points during customer engagement with hotel brands.

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